

ROAD TO REFORM

ACCOUNTABILITY **EFFICIENCY** **SERVICE**

ILLINOIS TOLLWAY 2003 ANNUAL REPORT





The Illinois State Toll Highway Authority is dedicated to providing and promoting a safe and efficient system of toll supported highways while ensuring the highest possible level of service to our customers.





OFFICE OF THE GOVERNOR
JRTC, 100 WEST RANDOLPH, SUITE 16
CHICAGO, ILLINOIS 60601

As Governor of the State of Illinois, I salute the Illinois Tollway for its achievements during its first year on the Road to Reform.

Under the direction of Board Chairman John Mitola and Executive Director Jack Hartman, the Tollway's new management team has set new standards for improving Tollway operations while ensuring that toll revenues are spent wisely. The success of I-PASS and the continued efforts toward congestion relief are helping to achieve two of my administration's goals: making better use of technology to improve customer service, and reducing commute times so drivers spend less time in their cars and more time with their families.

I commend the Tollway's employees for supporting my administration's reform agenda by increasing accountability, even as they consistently improve customers' experiences on the Tollway system.

Illinois' Tollways are a vital link in our state's transportation network. They are an economic engine that brings opportunities and jobs to northern Illinois and far beyond. A safe, strong and well-maintained tollway system is necessary to maintain Illinois' role as the transportation hub of the nation.

I look forward to the future as the Illinois Tollway continues working to become the premier tollway system in the country.

Sincerely,

A handwritten signature in black ink that reads "Rod Blagojevich". The signature is written in a cursive, flowing style.

Rod R. Blagojevich, Governor

A MESSAGE TO ILLINOIS TOLLWAY CUSTOMERS AND BONDHOLDERS

This annual report reflects the first year of progress on the Illinois Tollway's Road to Reform. We were sent by Governor Rod R. Blagojevich to reform the Tollway from top to bottom. In 2003, our focus was to restore public confidence in the agency and to show customers that their tolls are being spent wisely in every manner possible. Our efforts were guided by the ABC's of reform: accountability, business-like efficiency and customer service. We are pleased to share these results in this report.

INCREASING ACCOUNTABILITY

To turn around a difficult history, we aimed to restore accountability and trust by creating the Tollway's first Office of Inspector General. To end the era of the Tollway acting like an island, we opened up our budget and contracting processes and posted all documents on our website. To further open our doors, we held four regional meetings, for the first time in memory, so our customers, elected officials and even our critics could comment on our proposed 2004 budget. While we don't always agree, these groups have thanked us for listening rather than ignoring them as in the past. As a state agency serving over 1 million users a day, we welcome the input of all of our customers and various stakeholders.

RUNNING LIKE AN EFFICIENT BUSINESS

For years, toll cheats thumbed their noses at paying customers, well aware that the Tollway lacked the tools necessary to collect unpaid tolls. That changed in late January, when the Tollway began sending out violation notices to drivers with five or more violations. We have been successful in getting folks to pay their fair share and other tollways are now coming to us to learn how they can deter toll scofflaws.

We've also made it easier for our customers to get an I-PASS. Before, how to get an I-PASS was a highly guarded secret. Thanks to our new partnership with Jewel-Osco, grocery shoppers are now bombarded with in-store ads urging them to pick up an I-PASS at the customer service desk.

IMPROVING CUSTOMER SERVICE

We have asked employees to dramatically improve customer service. We took managers who rarely left their desks and put them out in tollbooths collecting tolls to get a first-hand look at the customer and toll collector experience. As a result, we made changes, but more importantly, we let our staff out in the field know that we care about them and the customers that they serve day in and day out. We've also given them the tools to do a better job by training them according to the customer service model used by Disney.

Better Customer Communication

Our Dynamic Message Signs over the road used to remain dark unless there was an incident. We decided to start using them to provide customers with the information they need while on the road such as travel times, which are also now available on our website. Now you can go on-line to check traffic conditions before deciding what route to take or get traffic information from our over-the-road signs.

We have also taken steps to improve our communication with our customers across the system, including construction information.

Reduced Congestion with I-PASS

As you'll read, we added 39 new I-PASS Only lanes in 2003. When we first started, more traditional Tollway planners discouraged us from adding I-PASS lanes until I-PASS usage increased to a certain level. We believed, however, that demand existed and "if you build it, they will come," and this was confirmed by the growth of I-PASS from 38 to 44 percent of revenue.

New Oases, More Conveniences

If you're a regular Tollway customer, you've probably noticed the progress on the redevelopment of our seven oases. When the first two oasis buildings open in summer 2004, customers will have a greater variety of quality food and retail establishments housed in a bright, spacious, clean and safe building. Commuters will soon be able to stop for a cup of Starbucks coffee on their way to work and for a carwash on their way home.

KEEPING REFORM MOVING

With I-PASS usage up, violation rates down, and positive feedback from planning groups, customers, elected officials and the media indicating that the Tollway is headed in the right direction, we have made much progress on the Governor's mandate to reform the Tollway. In 2004, we'll take a fresh look at our system's capital needs and priorities, and will develop our long-range plan for the future. We look forward to your active participation as we continue our journey on the Road to Reform.

Very Truly Yours,



John Mitola
Chairman



Jack Hartman
Executive Director



Tollway Leadership

TOLLWAY BOARD OF DIRECTORS

The Tollway has an 11 member board, including Governor Blagojevich and Secretary of Transportation Tim Martin who serve as Ex-Officio members. The Chairman and Directors are appointed by the Governor and serve 4-year terms. The Board of Directors sets policy for the operation, maintenance and construction of the roadways. The Tollway Board meets on the last Thursday of each month, except in November and December when meetings are moved up one week due to holidays. Tollway Board Committee meetings are held on the Thursday before each board meeting. All Board meetings are open to the public.



BOARD OF DIRECTORS

*Top row from left: James Banks, Ronald Materick, David Andalcio, Carl Kramp, Carl Towns.
Bottom row from left: Katherine Selcke, Chairman John Mitola, George Pradel.*



EXECUTIVE STAFF / CHIEFS

*Top row from left: Executive Director Jack Hartman, Chief of Staff Marilyn Johnson, Paul Volpe, Operations; Ted Young, Information Technology; Jeff Dailey, Engineering; Brian McPartlin, Administration; James Wright, Inspector General.
Bottom row from left: Michael Colsch, Finance; Kathleen Cantillon, Marketing & Communications; Leanne Redden, Planning; Thomas Bamonte, General Counsel.*

“Under the new Governor, the new management team, appointed in early 2003, has been proactive in advancing positive change at the authority. It has had early success in implementing a number of reforms in an effort to streamline operations and improve service delivery to the traveling public.”

– Standard & Poor's Rating Agency, December 23, 2003

Your Illinois Tollway

ECONOMIC CATALYST FOR NORTHERN ILLINOIS – A key link in Illinois' transportation network, the Tollway's 274 miles of roads serve 1.3 million daily vehicles. About 75 percent are commuters and 13 percent are commercial vehicles. What started as a rural bypass connecting Illinois to Indiana and Wisconsin in 1958 now plays a key role in moving people, goods and services from suburb to suburb and from the suburbs to Chicago.



I-PASS Only lane



Tollbooth collectors help keep traffic moving



New oases will offer more choices



H.E.L.P. trucks aid stranded motorists



Dynamic Message Signs give motorists travel information

I-PASS Electronic Toll Collection

- All 65 mainline and ramp plazas are equipped for cash or I-PASS electronic toll collection, including 85 I-PASS Only Lanes, 17 of which are I-PASS Express.
- With the completion of 39 additional I-PASS only lanes in 2003, it is now possible to travel the entire Tollway mainline without stopping to pay a toll.
- In 2003, I-PASS accounted for nearly 44 percent of toll revenue.

Illinois Tollway Services

- Seven oases with gas stations, restaurants and traveler-related conveniences being rebuilt for better service
- Travel times and roadway information at www.gcmtravel.com and on Dynamic Message Signs over the road
- Illinois State Police District 15 Law Enforcement
- H.E.L.P. Trucks for disabled vehicles or stranded motorists; Zero Weather Road Patrols offer overnight aid in extreme weather

ACCOUNTABILITY

an obligation or willingness to accept responsibility or to account for one's actions

We made a concerted effort to restore the public's trust by opening the Tollway's doors and seeking input from customers, elected officials and even long-time critics.

“The difference is, we're making progress – and Illinois can trust that tollway officials are working on solutions, rather than excuses.” – TOLLWAY REFORM HAS COME IN A HURRY TO AGENCY Rockford Register Star Editorial, April 25, 2004



ABOVE: Inspector General James Wright

BELOW: Budget hearing in Glen Ellyn

Governor Blagojevich makes good on a promise to eliminate the eastbound exit toll plaza at Cherry Valley to relieve congestion and bolster economic development

STRONG OVERSIGHT

To restore confidence in the system, the Governor called for the creation of an Office of Inspector General at the Tollway to help restore public trust.

In October, the Tollway brought in veteran prosecutor and auditor James A. Wright as the Tollway’s first Inspector General, reporting to Chairman John Mitola and Governor Blagojevich through State Inspector General Z. Scott. His assignment: root out and fairly investigate fraud, waste and mismanagement in the day-to-day operations of the Illinois Tollway, its employees and its contractors.

LISTENING

Accountability means responding to the needs of the community. For years, the citizens and elected officials of Rockford pointed out how commerce in the region was bottlenecked by traffic jams at the eastbound exit of the Cherry Valley Toll Plaza on I-90. In 2003, the Tollway’s new reform team listened. With Governor Blagojevich at the controls of a backhoe, the Cherry Valley Toll plaza came tumbling down and the toll was raised at South Beloit to compensate.

ACCESSIBILITY

For the first time in recent memory, the Tollway invited the public to comment

on our proposed 2004 budget during hearings in South Holland, Glen Ellyn, Grayslake, and Rockford. An agency that used to act like an island, we established an “open door policy” with planning and community groups and even long-time Tollway critics, such as the Environmental Law and Policy Center, including them in our planning process.

TRANSPARENCY

Tollway contracts, bid opportunities and budgets are now available at www.illinoistollway.com under “Doing Business.”

REORGANIZATION

Eliminated 75 unnecessary or redundant jobs

STREAMLINING

Cut by more than half the number of assigned and take-home vehicles – from 106 to 48

RESPONSIBILITY

Required fingerprinting and criminal background checks for all current and new employees

EFFICIENCY

acting efficiently, producing results with little waste of resources

“Doing more with less” is how strong businesses thrive and is a guiding principle as we work to spend more on the roads and less on administration.

“The [Illinois Tollway], long synonymous with lavish spending...deserves credit for impressive strides under a team put in place by Governor Rod Blagojevich.” – KEEP TOLLWAY REFORMS ROLLING *Chicago Tribune Editorial, April 7, 2004*



Customers are able to purchase I-PASS transponders at Jewel-Osco service desks



ABOVE: Mobile I-PASS brings convenience to the customer



BELOW: Signs deter violators



Executive Director Jack Hartman awards prizes to Dan Lieberman to mark the sale of the one millionth I-PASS

“MAKING LIFE EASIER”

The Tollway looked for creative ways to market and distribute I-PASS in order to relieve congestion and reduce travel times. Jewel-Osco signed on as our partner and promoted in-store I-PASS sales as part of its “Making Life Easier” campaign. Nearly 200 stores in Northern Illinois and along the Wisconsin and Indiana borders began selling I-PASS transponders, enabling their customers to pick up eggs, milk, and an I-PASS during their weekly grocery trip. Over 50,000 I-PASS transponders have been sold since the holiday shopping season launch of our Jewel partnership. Retail sales now comprise 68 percent of total I-PASS sales.

GOING ONLINE

In the summer, the Tollway launched online sales at www.getipass.com and transponder sales exceeded 64,000 for the year.

DETERRING TOLL VIOLATORS

In 2003, the Illinois Tollway announced that toll scofflaws would no longer be tolerated. Drivers with five or more violations received a bill for the missed tolls plus a \$20 fine per violation. Within months, scofflaws’ behavior began to change as word spread that a “free ride” on the Tollway came at a hefty price.

In 2003, the violation rate began to trend down below three percent and the Tollway collected approximately \$18 million (unaudited).

I-PASS SALES REACH ONE MILLION

In September, the Illinois Tollway celebrated an important milestone – the sale of one million transponder units - outside the I-PASS Customer Care Center in Downers Grove.

BRINGING I-PASS TO THE CUSTOMER

Turkey legs, snow cones and I-PASS were among the choices for visitors at eight fairs and festivals attended by the Mobile I-PASS van in 2003, which also traveled to 70 different corporate locations.

SERVICE

the provision of services in a way that exceeds expectations

“Keep the customer happy” is a simple rule of any successful business, and that motto drove our efforts during the Tollway’s first year of reform.

“I’ve had my I-PASS for a few years, and I love it! I use the tollways quite often either to O’Hare, Gurnee, or even Indiana. It sure beats slowing down, scrambling for change, and rolling down your windows on a chilly day! I’m loving the added I-PASS lanes to the exit ramps! Thanks so much!” – Jenny Williams, Deerfield, Illinois



More restaurants and retail choices will be available at the new oases



ABOVE: Converting manual lane to I-PASS Only

BELOW: Tollway managers spend time collecting tolls

MORE AND BETTER FOOD AND SERVICES AT OASES

More restaurant and retail choices, clean and safe restrooms and more amenities are in store for commuters visiting the Tollway's seven oases buildings, thanks to a private/public partnership launched in 2003. At no cost to the Tollway or its customers, Wilton Partners and ExxonMobil are investing \$94 million to rebuild all seven pavilions. Already, national firms such as McDonalds, Starbucks, Krispy Kreme, Tropicana Smoothies, TravelMart and Fifth Third Bank have signed up to serve customers in 2004, when the first new oasis buildings open, with more to come.

MORE I-PASS ONLY LANES

In August, Governor Rod Blagojevich announced the I-PASS Expansion Project and by year-end, 39 new I-PASS only lanes were added for a total of 85 system wide. This means I-PASS customers can drive the entire mainline of the Tollway without stopping to pay tolls and they can now use I-PASS at ramp plazas with three or more lanes.

BEST-IN-CLASS TRAINING

For the first time ever, all 1,780 Tollway employees were required to attend customer service training classes, which were modeled after the Disney Institute's renowned "Train the Trainer" program.

We gave our employees the tools to serve customers better and it's showing. We launched an online customer service survey and one third of the comments we received were positive.

- Managers worked a shift in a tollbooth to get a greater understanding of the challenges workers face as part of our effort to improve customer service.



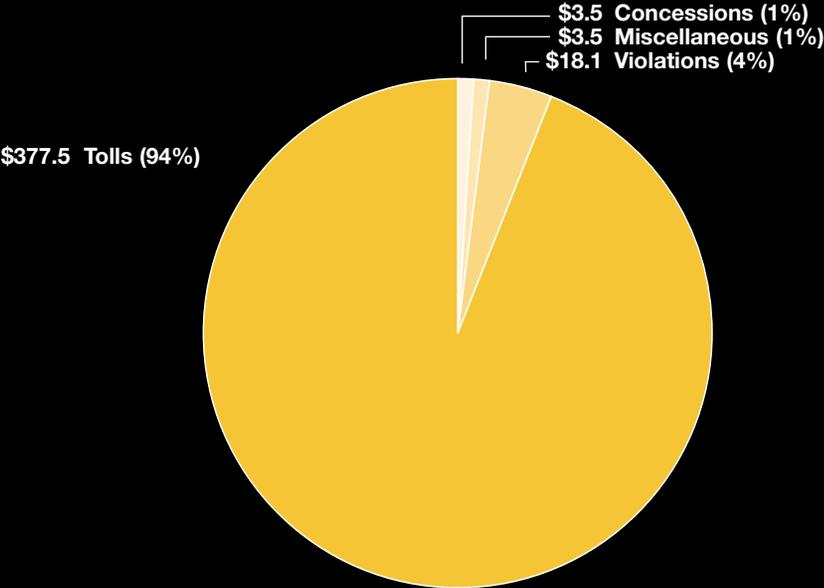
“...we also can't help but be encouraged by the change in attitude and performance at the toll authority. A change that is definitely for the better.”

– TOLLWAY MOVING IN THE RIGHT DIRECTION Daily Herald Editorial, April 2, 2004



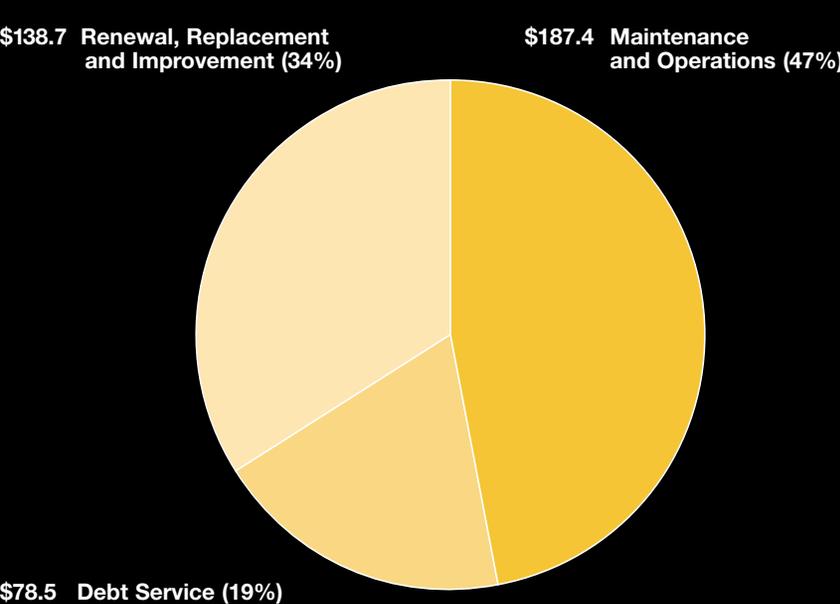
The Illinois Tollway is a user-funded system – only those who use it pay for its construction, operations, maintenance, and debt repayment.

2003 REVENUE SOURCES
\$402.6 MILLION



Tolls: Collected via cash payment or I-PASS.
Concessions: Revenues from oases fuel, food & retail sales.
Miscellaneous: Revenues from investment income, permits, grants, etc.
Violations: Revenue based on cash collections.

2003 EXPENDITURES
\$404.6 MILLION



Maintenance & Operations: Expenditures related to toll collection, traffic control, safety, administration and insurance.
Renewal, Replacement & Improvement: Capital expenditures for system wide maintenance and expansion.
Debt Service: Principal and interest payments on outstanding Tollway bonds.

Building the Road – Capital Program 2003



I-PASS Expansion updates



Dynamic Message Signs keep drivers informed on the road



New I-PASS Only lanes added system wide



Northwest Tollway resurfacing project

CONSTRUCTION COMMUNICATION INITIATIVE

Construction is a necessary inconvenience in the road business. So in 2003, we launched the Construction Communication Initiative to let drivers know more about construction projects while they are on the road. Now, at every construction site, we post signs which tell customers what improvements we are making and how they can get more information or provide us with feedback via our website or 1-800-TOLL-FYI. These static signs and the electronic message signs are designed to achieve two primary results – to reduce congestion and improve safety for everyone.

I-PASS EXPANSION PROJECT

When Governor Blagojevich announced the addition of 37 new I-PASS Only lanes to be completed at 22 Tollway locations by spring 2004, skeptics wondered whether construction to convert existing lanes would be done on time. Under an aggressive work schedule and through savings generated by cost-cutting measures in the Tollway's construction program, 35 of the 37 lanes were completed in 2003 – a lightening-speed accomplishment for any government agency. Now, customers can travel the entire mainline of the Tollway without having to stop and pay a toll.

SMOOTH SAILING ON THE NORTHWEST TOLLWAY (I-90)

Drivers on the Northwest Tollway were treated to a smoother ride this year, thanks to the completion of a 17-mile resurfacing project between Hampshire and Belvidere.

For years, customers complained about the rough ride, cracks and potholes on that stretch of the Tollroad. The Tollway took a more proactive approach to resurfacing the road and ensuring the surface will last several years without needing emergency patch-ups. The project was completed on time, despite work schedule changes that were made to minimize daytime traffic disruptions for our customers.

IMPROVING THE SOUTH TRI-STATE TOLLWAY (I-294)

Work began in 2003 to rebuild and widen the Cal-Sag Bridge on the South Tri-State. The Tollway also worked on the redesign of the Markham Yard Bridge to prepare for rebuilding and widening to 163rd Street.

SHOULDER REPLACEMENT ON THE NORTH-SOUTH TOLLWAY (I-355)

A 17-mile shoulder replacement project from Army Trail Road to I-55 on the North-South Tollway (I-355) began in the fall and continues through summer 2004. The project also includes the addition of a fourth lane northbound between Maple Avenue and Hitchcock Avenue to help ease congestion, and a third lane southbound from the Boughton Road Toll Plaza to I-55 to make it easier for I-PASS customers to exit at I-55.

Charting a New Course on the Road to Reform

MANY NEW MILESTONES ARE AHEAD AS THE ROAD TO REFORM CONTINUES IN 2004



The Tollway plans to add more I-PASS Express lanes like those at Boughton Road Toll Plaza on I-355



Two new over-the-road buildings are scheduled to open in the summer of 2004

FUTURE LONG-RANGE PLAN

In 2004, the Tollway will share its long-range plan and get input from the public, elected officials, planning groups etc., before charting its course for the future.

ADDITIONAL CONGESTION RELIEF

As the population of I-PASS customers continues to grow, the Tollway will continue to look for ways to reduce congestion by adding more I-PASS Only lanes, consolidating plazas and pursuing Open Road Tolling.

OPEN ROAD TOLLING

In 2004, the Tollway will make plaza and I-PASS improvements to work toward the future vision of Open Road Tolling, which is the next logical step for congestion relief. Open Road Tolling involves eliminating the traditional barrier toll plazas and replacing them with a barrier-free toll collection system that uses I-PASS, similar to the I-PASS Express Lanes that exist now on I-355 and the Edens Spur.

FIRST OVER-THE-ROAD OASES BUILDINGS COMPLETED

Summer 2004 is the target date for the grand opening of the first two newly redeveloped Tollway pavilion buildings at the O'Hare and Belvidere Oases.

A NEW APPROACH TO CUSTOMER SERVICE TRAINING

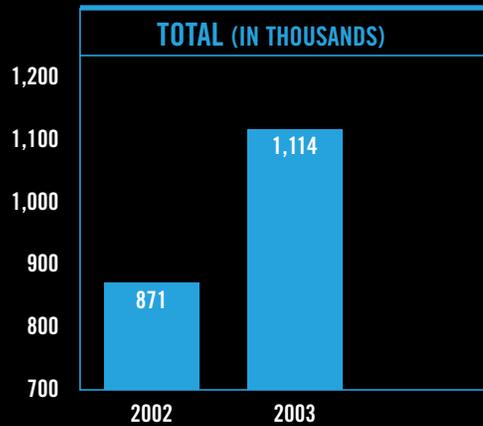
The Tollway will focus its employee training efforts on the "internal customer." Based on the successful model deployed by Southwest Airlines, this approach is aimed at ensuring that frontline employees who directly interface with customers are getting the appropriate staff support.

MORE DYNAMIC MESSAGE SIGNS

Nine Dynamic Message Signs will be constructed on our system in 2004, including four new DMS planned for the spring as major work begins on the South Tri-State Tollway to provide valuable incident and travel time information during the construction project.

Measures of Success

ACTIVE TRANSPONDERS



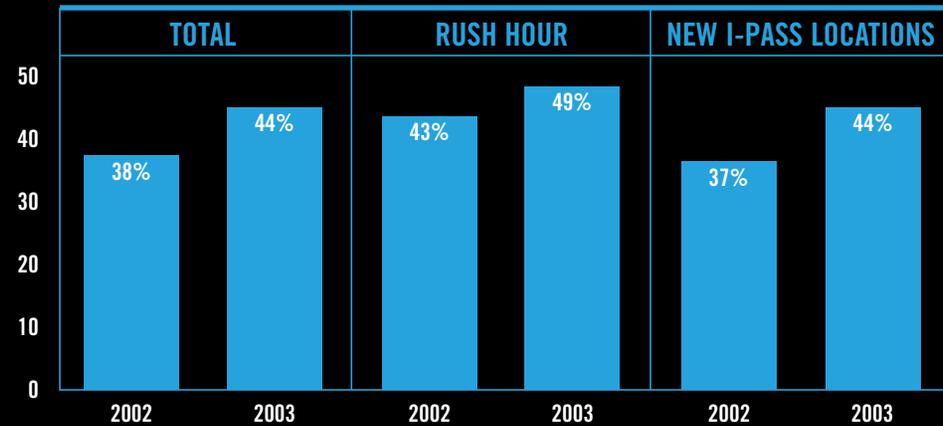
I-PASS Sales Increased

- Total Transponders sold: 1.1 million – 28 percent increase
- At Jewel-Osco: 74,000 – two-thirds of Tollway’s total I-PASS sales
- On-line sales at www.getipass.com: 64,000

Violation Rate Decreased

- Toll violation rate reduced to 3 percent
- Collected \$18 million in tolls and fines

I-PASS USAGE



I-PASS Usage Increased

- Increased from 38 percent to 44 percent
- In rush hour, increased from 43 percent to 49 percent
- Increased from 37 percent to 44 percent at plazas with new I-PASS lanes

Streamlining

- Reduced number of take-home vehicles by 55 percent
- Tollway reorganization eliminated 75 unnecessary or redundant positions in 2003

The Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, Illinois 60515
630.241.6800
www.illinoistollway.com
Get I-PASS and Get Going!